



Canadian Association of
Oilwell Drilling Contractors
Three Fleets. One Voice

Presentation to

Saskatchewan

Enterprise and Innovation

April 7, 2009





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The CAODC represents drilling and
service rig contractors operating in
Canada.





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The membership consists of:

42 Drilling Contractors

71 Service Contractors

150 Associate members

and represents:

889 Drilling Rigs (100%)

1149 Service Rigs (98%)

Based in SK:

5 drilling contractors

16 service rig contractors





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Forecast – 2009 (revised Feb.20, 09)

2009 Total Number of wells (Western Canada): 11,176

QUARTER	ACTIVE RIGS	FLEET	UTILIZATION	OPERATING DAYS *
2009 – 1 st	333	860	39%	29,980
2009 – 2 nd	86	860	10%	7,758
2009 – 3 rd	267	860	31%	24,407
2009 – 4 th	361	860	42%	32,855
Average 2009	262	860	30%	95,000

2006			2007			2008		
Drilling	Util.	Wells	Drilling	Util.	Wells	Drilling	Util.	Wells
501	63%	22,127	336	38%	19,144	351	40%	16,844

Assumptions:

WTI: \$50.00/bbl (CDN\$)

AECO: \$7.00/Mcf (CDN\$)

8.5 days/well



* Calculation based on spud to rig release data



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SK Drilling Rig Activity

2007	<i>Drilling</i>	<i>Down</i>	<i>Total</i>	<i>% Util</i>
Total Fleet	335	544	880	38%
SK	41	41	82	50%
2008	<i>Drilling</i>	<i>Down</i>	<i>Total</i>	<i>% Util</i>
Total Fleet	351	526	877	40%
SK	50	46	96	52%
2009 (Q1)	<i>Drilling</i>	<i>Down</i>	<i>Total</i>	<i>% Util</i>
Total Fleet	320	542	862	37%
SK	29	82	111	26%





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Issues and Challenges

- **Taxation and Permits**
 - PST
 - Fuel tax
 - SGI
- **Transportation**
 - Equipment Movement
 - Weight Thresholds
- **Training and Certifications**
 - Boilers
 - Rig Technician Trade





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Taxation and Permits

- **PST**
 - Equipment “exemptions” are not up front. Must apply for refunds.
 - ***Recommendation: Adopt similar standards to British Columbia***
- **Fuel Tax**
 - Poor compliance due to process
 - ***Recommendation: Eliminate permit process, allow self-assessment***
- **SGL Permits**
 - Overweight/overdimension permits process
 - ***Recommendation: Process needs tightening, more structure***





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Transportation

- **Weight Thresholds**

- 11,794 kg vs. 4500 kg
- ***Recommendation: Continue to work with Alberta and British Columbia for a resolution***

- **Equipment Movement**

- Many challenges between Regional Municipalities – different fees, permits processes, road ban rules, etc.
- ***Recommendation: Provincial government should identify areas where common fees and regulations can be implemented***





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Training and Certification

- Certifications
 - Boilers
 - First Aid
 - ***Recommendation: Continue to work with respective departments in Alberta, B.C., and Manitoba to harmonize regulations and requirements***
- Training
 - Rig Technician Trade – industry wants a consistent training standard
 - ***Recommendation: Use CAODC contacts as the first and best resource***





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Conclusion

- The upstream associations are an excellent resource for information.
- CAODC has a direct line to every drilling and service rig contractor in the country.
- Staff is happy to work with provincial government officials.





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**Thank you for your interest
in Canada's drilling industry**

www.caodc.ca

